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Russell B. Jones, Jr., General Manager
Warren D. Holly, Farm Manager

Morven Stud Ltd.

Rt. 6, Box 56 • Charlottesville, VA 22902
Phone 804-293-3970
Fax 804-977-8247

December 18, 1995

Mr. Hart Collins
Florida Department of State
Division of Corporations
P. O. Box 6327
Tallahassee, FL 32314

NO
\$500

DEC 18 1995

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****870.00 ****870.00

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
96 JAN 22 PM 2:30

Dear Mr. Collins:

It is respectfully requested that any penalties considered by the Florida Department of State for failure to obtain a Certificate of Authority to transact business in the State of Florida will be waived. The following facts are submitted as evidence in support of this penalty waiver request.

Morven Stud, Ltd. was incorporated on July 25, 1988, and organized under the laws of the State of Delaware. The principal business activity of Morven Stud, Ltd. is the breeding and racing of horses. The corporation filed an election to be treated as an S Corporation for federal income tax purposes and was granted such an election effective September 8, 1988. For tax years ending December 31, 1988 and for subsequent tax years, the corporation has filed a U.S. income tax return for an S Corporation. The corporation is an active S Corporation at this time. The corporation has reported operating losses in all years in which income tax returns have been filed, the latest being 1991 of which a copy is attached. Subsequent tax returns are in process of preparation by our accounting firm. Also included are internal operating statements for the years ending 1992, 1993, and 1994, each of which except 1994 show an operating loss before depreciation.

The corporation earned race purses at race tracks located in the State of Florida. However, racing income is a minor portion of our overall revenues which are predominated by yearling sales and stud fee income. Racing income averaged about 19% of our gross receipts over the four-year period from 1991-1994.

Also for consideration, we have applied for and been issued each year an Occupational License by the Division of Peri-Mutual Wagering which was all we believed was needed to race in the State of Florida. However, it was not known to the Board of Directors or

Elton Oliver gave auth. to add JPK to #1

RE 1/22/96

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***2500.00 ***2500.00

the Sole Shareholder of the corporation that a Certificate of Authority to transact business in the state of Florida was required. Because of the Corporation's S corporation status, there would have been no income tax implications in the State of Florida. Any income or losses allocable to the State of Florida would have been passed through to the sole shareholder, John W. Kluge, (SSN: 362-12-1137). The corporation acknowledges the fact that a Certificate of Authority to do business in the State of Florida should have been obtained in the year in which Florida business was transacted. However, the failure to apply for such a certificate was merely an oversight and unintentional. The corporation is willing to apply for such a certificate and pay the required filing fees at this time.

Because of the corporation's good standing in the State of Delaware, and the fact that there were no income tax implications with the State of Florida as the result of revenue earned in the State of Florida, it is respectfully requested that any penalties considered by the State of Florida be waived. Your cooperation in this matter is greatly appreciated.

Sincerely,



Elton J. Oliver
Business Manager

Enclosures

Russell B. Jones, Jr., General Manager
Warren D. Holl, Farm Manager



Morven Stud Ltd.

Rt. 6, Box 56 • Charlottesville, VA 22902
Phone, 804-293-3978
Fax 804-977-8247

RECEIVED

January 11, 1996

JAN 19 1996

Mr. Marc W. Dunbar
Florida Department of State
JL-10, The Capitol
Tallahassee, Florida 32399-0250

Office of General Counsel
Department of State

Mr. Dunbar,

Pursuant to your letter dated December 29, 1995 (copy attached) and the subsequent telephone conversation, enclosed please find a check in the amount of \$2,500 representing the agreed upon penalty amount due by Morven Stud, Ltd. It is assumed that the documentation sent previously is in order and that Morven Stud, Ltd will be granted a Certificate of Authority to conduct business in the State of Florida.

Thank you for your prompt response to our waiver request and trust that this brings this matter to proper resolution.

Sincerely,

Elton J. Oliver
Business Manager

Enclosures



FLORIDA DEPARTMENT OF STATE
Sandra B. Mortham
Secretary of State

1/3
reduced to stat. min.
\$ 2500

29 December 1995

Mr. Elton J. Oliver
Morven Stud Ltd.
Route 6, Box 56
Charlottesville, Virginia 22902

Dear Mr. Oliver:

Re: Request for Penalty Waiver Morven Stud Ltd.

The purpose of this letter is to advise you that the Department of State cannot waive the penalties imposed as a result of the unauthorized business activities in the State of Florida by Morven Stud Ltd.

As of the date above, the total amount of penalties owed by this corporation is \$5,000. These penalties are pursuant to section 607.1502, Florida Statutes, a copy of which is enclosed for your reference. If litigation is necessary to collect these penalties, the corporation may also be liable for additional fees and costs associated with filing suit.

If you wish to resolve this matter, please direct your payment to my attention at the address below. If I have not received payment within thirty days, I will assume that you are not willing to resolve this matter without litigation and will proceed accordingly. If you have any questions regarding this correspondence, you may contact me at 904/414-5536.

Respectfully,

Marc W. Dunbar
Assistant General Counsel

MWD/sm

Enclosure



FLORIDA DEPARTMENT OF STATE
Sandra B. Mortham
Secretary of State

October 31, 1995

JOHN W. KLUGE
MORVEN STUD, LTD.
RT 6, BOX 69
CHARLOTTESVILLE, VA 22902

SUBJECT: MORVEN STUD, LTD.
Ref. Number: W95000021533

CERTIFIED MAIL #P 348 067 278 RETURN RECEIPT REQUESTED

It has been brought to my attention that the above mentioned entity may be transacting business in the State of Florida. I have searched the records of this office and have found no record of any filing for MORVEN STUD, LTD., a corporation organized under the laws of Delaware.

Section 607.1501, Florida Statutes (copy enclosed), states that a foreign corporation may not transact business in this state without obtaining a certificate of authority from the Department of State. Further, s. 607.1502(4), F.S., authorizes the Department to collect a civil penalty of \$1000 for each year and any part thereof that a foreign corporation has transacted business in Florida without proper authority, along with the annual report fees due this office.

THE DIVISION OF CORPORATIONS RECOMMENDS THAT CORPORATE DOCUMENTS BE REVIEWED BY YOUR LEGAL COUNSEL. THE DIVISION IS A FILING AGENCY AND AS SUCH DOES NOT RENDER ANY LEGAL, ACCOUNTING, OR TAX ADVICE. THE PROFESSIONAL ADVICE OF YOUR LEGAL COUNSEL TO ASCERTAIN EXACT COMPLIANCE WITH ALL STATUTORY REQUIREMENTS IS STRONGLY RECOMMENDED.

Please review s. 607.1501(2), F.S., to determine whether said corporation's activities constitute the transaction of business. If it requires a certificate of authority, submit the enclosed "Application by Foreign Corporation for Authorization to Transact Business in Florida". If after reviewing s. 607.1501(2), F.S., it is determined that said corporation does not need to obtain authority, please provide a written response to that effect within (30) thirty days to avoid the necessity of further action.

If you have any questions concerning the filing of your document, please call (904) 487-6092.

Hart Collins
Senior Corporate Section Administrator

Letter Number: 395A00048722



Department of State
Memorandum Office of the General Counsel

TO: File

FROM: Marc W. Dunbar, Assistant General Counsel

DATE: January 19, 1996

RE: Morven Stud, Ltd.

Based on a review of the file and the payment provided by this corporation, it is my recommendation that this file be closed and this corporation be qualified to do business. This corporation has paid all outstanding penalties and fees and now wishes to be qualified to do business in this state.

MWD/mwd

**APPLICATION BY FOREIGN CORPORATION FOR AUTHORIZATION
TO TRANSACT BUSINESS IN FLORIDA**

**IN COMPLIANCE WITH SECTION 607.1503, FLORIDA STATUTES, THE FOLLOWING IS
SUBMITTED TO REGISTER A FOREIGN CORPORATION TO TRANSACT BUSINESS IN THE
STATE OF FLORIDA:**

1. Morven Stud, Ltd. Inc.
(Name of corporation: must include the word "INCORPORATED", "COMPANY", "CORPORATION" or words or abbreviations of like import in language as will clearly indicate that it is a corporation instead of a natural person or partnership if not so contained in the name at present.)
2. Delaware
(State or country under the law of which it is incorporated)
3. 54-1470312
(FEI number, if applicable)
4. July 25, 1988
(Date of Incorporation)
5. Perpetual
(Duration: Year corp. will cease to exist or "perpetual")
6. 1991
(Date first transacted business in Florida. (SEE SECTIONS 607.1501, 607.1502, AND 817.155, F.S.))

7. Route 6, Box 69
Charlottesville, Virginia 22902
(Current mailing address)

8. Horse Racing
(Purpose(s) of corporation authorized in home state or country to be carried out in the state of Florida)

9. Name and street address of Florida registered agent: (P.O. Box or Mail Drop Box **NOT** acceptable)

Name: The Prentice-Hall Corporation System, Inc.

Office Address: 1201 Hays Street, Suite 105

Tallahassee, Florida, 32301
(Zip Code)

10. Registered agent's acceptance:

Having been named as registered agent and to accept service of process for the above stated corporation at the place designated in this application, I hereby accept the appointment as registered agent and agree to act in this capacity. I further agree to comply with the provisions of all statutes relative to the proper and complete performance of my duties, and I am familiar with and accept the obligations of my position as registered agent.

The Prentice-Hall Corporation System, Inc.

By: Delia Talento, Asst VP.
(Registered agent's signature)

11. Attached is a certificate of existence duly authenticated, not more than 90 days prior to delivery of this application to the Department of State, by the Secretary of State or other official having custody of corporate records in the jurisdiction under the law of which it is incorporated.

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
96 JAN 22 PM 2:59

12. Names and addresses of officers and/or directors: (Street address ONLY- P. O. Box NOT acceptable)

A. DIRECTORS (Street address only- P. O. Box NOT acceptable)

Chairman: John W. Kluge

Address: Route 6, Box 69 Charlottesville, Virginia 22902

Vice Chairman: David Finkelstein

Address: 3605 Phillips Drive

Baltimore, Maryland 21208

Director: Stuart Subotnick

Address: 215 East 67th Street

New York, New York 10021

Director: Michael Finkelstein

Address: 9118 Field Road

Baltimore, Maryland 21208

B. OFFICERS (Street address only- P. O. Box NOT acceptable)

President: David Finkelstein

Address: 3605 Phillips Drive

Baltimore, Maryland 21208

Vice President: Edward A. Hopkins

Address: 15004 Sunflower Court

Rockville, Maryland 20853

Secretary: Michael Finkelstein

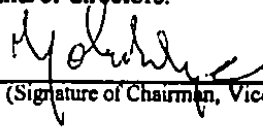
Address: 9118 Field Road

Baltimore, Maryland 21208

Treasurer: John W. Kluge

Address: Route 6, Box 69 Charlottesville, Virginia 22902

NOTE: If necessary, you may attach an addendum to the application listing additional officers and/or directors.

13. 
(Signature of Chairman, Vice Chairman, or any officer listed in number 12 of the application)

14. John W. Kluge, Chairman of the Board
(Typed or printed name and capacity of person signing application)

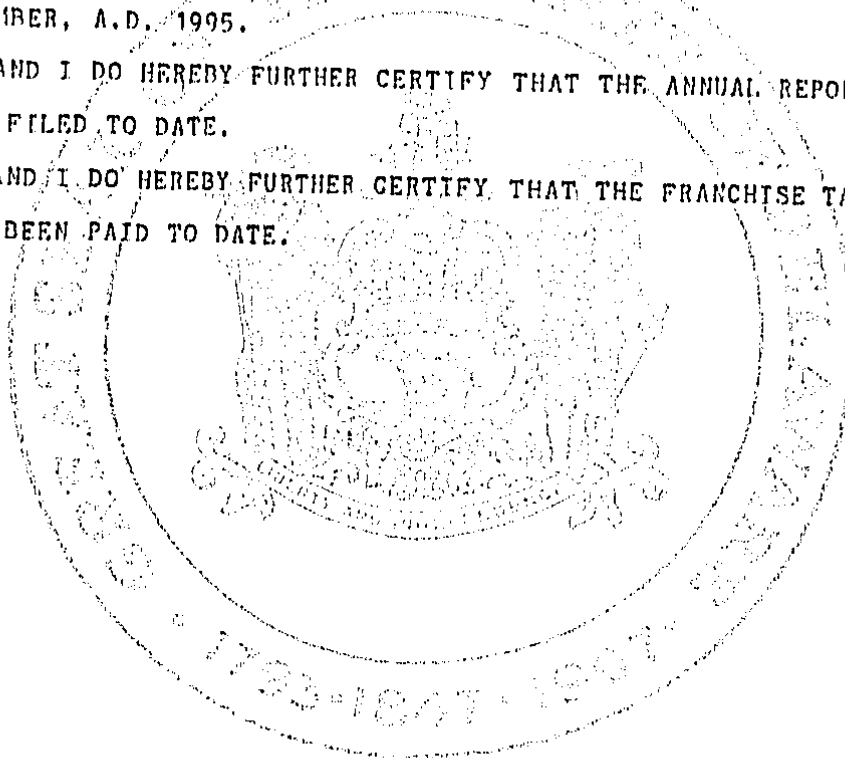
State of Delaware
Office of the Secretary of State

PAGE 1

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "MORVEN STUD LTD." IS DULY INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL CORPORATE EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE TWENTY-EIGHTH DAY OF NOVEMBER, A.D. 1995.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL REPORTS HAVE BEEN FILED TO DATE.

AND I DO HEREBY FURTHER CERTIFY THAT THE FRANCHISE TAXES HAVE BEEN PAID TO DATE.



FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
96 JAN 22 PM 2:59



Edward J. Freel

Edward J. Freel, Secretary of State

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AUTHENTICATION:

7726100

DATE:

11-28-95